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OVERVIEW OF ATTORNEY GENERAL MARTHA COAKLEY'S INITIATIVE TO
COMBAT THE SUBPRIME LENDING CRISIS

- In February 2010, Attorney General Coakley's office, together with the SEC, reached a **\$310 million** settlement with [State Street Bank](#) to resolve allegations that the financial giant misled fund investors, including numerous Massachusetts charities and retirement funds, regarding the extent of the funds' subprime exposure.
- In June 2009, Attorney General Coakley's office reached a **\$10 million** [settlement](#) with **Fremont Investment & Loan and Fremont General Corporation** in which Fremont resolved claims that it wrote 15,000 Massachusetts mortgages that were considered "doomed to foreclosure." The agreement also secured an injunction affording state officials the opportunity to review any of Fremont's 2,200 remaining Massachusetts mortgages before the initiation of foreclosure proceedings.
- In May 2009, Attorney General Coakley's office reached a first-in-the-nation **\$60 million** settlement with [Goldman Sachs](#) in which the company agreed to provide loan restructuring for over 700 Massachusetts homeowners.
- In June 2008, Attorney General Coakley's office sued **Option One** and its parent **H&R Block**, alleging unfair, deceptive and discriminatory lending practices, and obtained preliminary injunctions against Option One and its successor servicer, American Home Mortgage Servicing, Inc.
- During 2008, the Attorney General's Office recovered **more than \$77 million** for Massachusetts cities, towns, and other government entities under the state's civil False Claims Act in connection with misleading and unlawful investment marketing to local governments. These recoveries included settlements with investment banks **Merrill Lynch, UBS, Morgan Stanley & Company, and Citibank**.
- The Attorney General's Office has also brought civil and criminal actions against local lenders and brokers who engaged in fraudulent lending activity, or who perpetrated foreclosure rescue or loan modification scams.

In addition to the enforcement component of her initiative, Attorney General Coakley has also taken regulatory and legislative action to address predatory lending:

- In January 2008, the Attorney General's Office implemented **new consumer protection regulations** governing mortgage brokers and lenders.

- In June 2007, the office enacted emergency Consumer Protection Act regulations which **barred “foreclosure rescue transactions”** to protect homeowners from losing their homes in these scams.
- In October 2007, Attorney General Coakley testified before the U.S. House of Representatives Committee on Financial Services about **racial and ethnic disparities in mortgage lending**:
- Attorney General Coakley, State Senator Susan Tucker, and State Representative Steven Walsh **sponsored state legislation** to require lenders and servicers to engage in commercially reasonable foreclosure practices and profit-maximizing loan modifications